PAVED PARADISE: USING PROPERTY TAX INCENTIVES TO CURB URBAN SPRAWL IN TEXAS COMMUNITIES

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ABSTRACT

The invention of the automobile fundamentally changed the way of life for American citizens. Having access to efficient modes of transportation enabled U.S. citizens to live outside of their place of employment. This freedom created expansive residential and commercial growth outside metroplexes around the country.

This growth was not all positive, however, as the reduction of rural land and an increased reliance on fossil fuels began harming the environment and the well-being of residents within American communities. Today, urban sprawl and its unfortunate consequences still plague states across the country. To combat these issues, smart growth strategies—aimed at more effectively utilizing developed land—have been implemented in communities across the nation with varying degrees of success.

In Texas, this issue is especially prevalent due to a large influx of new residents and the state's vast amount of available land. Sprawl across Texas's major metroplexes has contributed to the pollution and health issues currently plaguing the residents of these communities. While Texas cities have tried to implement policies to curb this sprawl, the state needs an accessible solution. This Comment provides a proposal for the Texas legislature to adopt changes to the state's tax code to allow cities to effectively use property tax exemptions to both encourage sustainable growth strategies and incentivize the retainage of rural land. Further, this Comment explains why this strategy is better suited to Texas and addresses the potential impacts that adopting these changes might have.

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I. INTRODUCTION

With the invention of the automobile in the early twentieth century, the opportunities for personal travel increased exponentially.[1] As people realized they no longer had to live where they worked or shopped, communities began to spread farther and farther apart.[2] This ideal of living outside of purely urban or rural communities, coupled with the rapid increase in population, combined to create a large increase in the development of residential and business property.[3] With a seemingly limitless supply of land, these communities developed sporadically and spread apart from one another.[4] This mainly occurred right outside the limits of large metropolitan areas, surrounding these cities in suburbia.[5] While in the beginning these developments generated many positives for residents and developers alike, states across the country soon realized that there can be too much of a good thing.[6] Eventually, problems manifested from this low-density consumption of rural land, including damage to the environment, a decline in quality of life, and health consequences for residents residing in these communities and the cities they surround.[7]

Urban sprawl has appeared in metropolitan areas across the country in varying degrees, and Texas is no exception.[8] Texas has been experiencing the problem of urban sprawl for many years due to the state's attractive economic characteristics and massive quantities of open-space land.[9] Texas is no stranger to the problems associated with sprawl either.[10] Specifically, Texas is seeing a shrinkage of agricultural land use around the state, and its communities are experiencing large amounts of air and water pollution, negatively affecting resident health.[11] As the state is currently experiencing a new wave of immigration into its three largest metroplexes—Houston, Dallas-Fort Worth, and Austin—Texas is in need of sustainable objectives as the state continues to expand.[12]

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1. *See* Howard Frumkin, *Urban Sprawl and Public Health*, 117 PUB. HEALTH REPS. 201, 201–02 (2002).
2. *See id.*
3. *See* KENT B. BARNES ET AL., SPRAWL DEVELOPMENT: ITS PATTERNS, CONSEQUENCES, AND MEASUREMENT 3–5 (Towson Univ. Geospatial Rsch. & Educ. Lab'y 2002).
4. *See id.*
5. *See id.*
6. *See generally* Frumkin, *supra* note 1, at 202 (describing urban sprawl and its impacts).
7. *See id.* at 203–11.
8. Nathan Block, *At the Crossroads of Environmental Law and Land Use Planning: Facing the Challenges of Regional Planning and Environmental Management in Texas*, 35 TEX. ENV'T L.J. 85, 87–89 (2005).
9. *See id.*
10. *See id.*
11. *See id.* at 86–89.
12. *See id.*

As the population continues to grow, the need for development is ever-present.[13] To avoid further exacerbating these issues, legislatures and developers should use "smart growth" policies to help minimize the negative impacts associated with the communities they create.[14] States have attempted to remedy this issue in a variety of different ways, including zoning regulations, agricultural protections, and monetary incentives.[15] Ultimately, the selection of one or more of these remedies rests on the geographic and legislative makeup of the state looking to implement these policies.[16] While some Texas cities have implemented different policies to curb this issue, the state is in need of an across-the-board solution.[17] For Texas, this solution should come in the form of lower property tax obligations for smart developers to help encourage these policies, while retaining property use rights and land value for developers and surrounding landowners.[18]

This Comment proposes and argues the propriety of legislation that should be enacted to combat this issue.[19] Part II provides background on the history of urban sprawl and its impact on communities.[20] Part III looks at current solutions and showcases what smart growth strategies look like.[21] Part IV examines urban sprawl in Texas and the effect it has had on its communities.[22] This Section also briefly explores some of the solutions currently implemented, as well as the general structure of the Texas tax system.[23] Part V introduces proposed legislation to supplement the Texas Tax Code.[24] This proposal would allow property tax exemptions for developers that are implementing smart growth strategies and expand on the agricultural exemption given to rural landowners.[25] This Section also explores the impacts of such a change and the possible counterarguments raised in opposition.[26]

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13. *See* BARNES ET AL., *supra* note 3.

14. *See* Edward J. Sullivan & Jessica Yeh, *Smart Growth: State Strategies in Managing Sprawl*, 45 URB. LAW. 349, 351 (2013).

15. *See* Owusu Amponsah et al., *Global Urban Sprawl Containment Strategies and Their Implications for Rapidly Urbanizing Cities in Ghana*, 114 LAND USE POL'Y 1, 6–10 (2022).

16. *See id.*

17. *See generally* ROBERT ABRAHAM DAVILA, COMBATING URBAN SPRAWL: PROPOSING AN URBAN CONTAINMENT SYSTEM FOR THE AUSTIN REGION (2019), https://repositories.lib.utexas.edu/server/api/core/bitstreams/953320cb-6cf6-4154-b19e-b41113de2d84/content (discussing different strategies to combat sprawl in Texas).

18. *See* Amponsah et al., *supra* note 15, at 7–9.

19. *See infra* Part V (proposing a revision of the Tax Code by the Texas legislature).

20. *See infra* Part II (discussing the historical development of urban sprawl).

21. *See infra* Part III (discussing how different areas have addressed urban sprawl).

22. *See infra* Part IV (analyzing urban sprawl across Texas).

23. *See infra* Part IV (describing Texas's current approach to urban sprawl and its tax system).

24. *See infra* Part V (proposing revisions to the Texas Tax Code to combat urban sprawl).

25. *See infra* Section V.B (describing the benefits of adopting the proposed revisions to the Texas Tax Code).

26. *See infra* Sections V.C–D (addressing public policy concerns and counterarguments against adopting revisions to the Texas Tax Code).

II. HISTORY OF URBAN SPRAWL AND ITS EFFECT ON COMMUNITIES

Urban sprawl arose as a side effect of advancements in technology and lifestyle changes in society at large.[27] The resulting communities come with consequences for the surrounding area in the form of air pollution, water pollution, and wildlife habitat degradation.[28] Within these communities, residents also face challenges in the form of physical and mental impairments manifesting from inherent issues with their design.[29]

A. History of Urban Sprawl in the United States

The growth of the United States, driven by advancements in technology, sparked the beginning of urban sprawl.[30] In the beginning of the twentieth century, as automobiles made regular transportation to and from urban centers feasible, populations began shifting away from purely urban or rural living.[31] Suburban communities offered residents the opportunity to capitalize on cheaper home costs while also escaping the congestion and crime of larger cities.[32] With the creation of the interstate highway system in 1956, automobile transportation became easier than ever before.[33] This development, coupled with the seemingly endless landscape of the United States, resulted in a mass exodus of residents from urban and rural areas to promising suburban communities.[34] In 1970, for the first time in United States history, the majority of the country's population resided in suburban—as opposed to purely rural or urban—communities. [35] In an effort to take advantage of this movement, businesses and developers began building sporadically, skipping over sections of land.[36] This development is what has now become known as urban sprawl.[37]

The term urban sprawl refers to the low-density development of communities away from metropolitan areas in a non-contiguous manner.[38] Low-density development is development that is spread out across a high acreage relative to the number of structures on the land.[39] Capitalizing on the

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27. *See* BARNES ET AL., *supra* note 3.
28. Patrick Gallagher, *The Environmental, Social, and Cultural Impacts of Sprawl*, 15 NAT. RES. & ENV'T 219, 219–223 (2001).
29. Frumkin, *supra* note 1, at 202–11.
30. BARNES ET AL., *supra* note 3.
31. *See id.*
32. Robert W. Burchell & Naveed A. Shad, *The Evolution of the Sprawl Debate in the United States*, 5 U.C. L. S.F. W. NW. J. ENV'T L. & POL'Y 137, 151 (1999).
33. *Id.* at 140.
34. *See id.* at 139; BARNES ET AL., *supra* note 3.
35. BARNES ET AL., *supra* note 3.
36. Burchell & Shad, *supra* note 32, at 139–40.
37. *See id.*
38. *See id.* at 141.
39. *See id.* at 140–42.

space around metropolitan areas, these developments are separated from one another to allow for continued expansion, easy access, or simply aesthetic purposes.[40] This is referred to as non-contiguous or "leapfrog" development—i.e., development that covers a large area and fragments the rural landscape.[41]

Agricultural lands were the first to go as the suburban communities began to spread.[42] Many urban centers were built on the resources these rural communities provided.[43] However, as technology advanced and transportation increased, these metropolitan areas no longer needed as much rural land to support their resource needs.[44] As cities expanded, these lands were transformed into businesses and residences to satisfy the demand for suburban development.[45] These resulting communities come with consequences for both the urban and rural centers that they bridge.[46]

B. Environmental Impacts of Urban Sprawl

Urban sprawl has detrimental impacts on the environment and continues to exacerbate climate change.[47] Due to the spacing of these developments, the need for automobile travel increases.[48] More traffic means more air pollution, manifesting itself in dangerous air quality and smog, as seen in large metroplexes like Houston and Los Angeles.[49] This increase in air pollution also contributes to greenhouse gas emissions, which are the driving force behind climate change.[50] As cities spread further apart, greenhouse gas emissions increase, and at the same time, the amount of greenspace able to absorb those emissions decreases.[51] These gases not only trap heat in the atmosphere, contributing to global climate change, but they also directly impact the temperatures of the cities that create them.[52] Urban centers retain heat at a much higher rate due to the presence of heat-absorbing building material and the decrease in temperature-regulating vegetation.[53] This combination, coupled with increased temperatures from greenhouse gases,

40. *See* J. Celeste Sakowicz, *Urban Sprawl: Florida's and Maryland's Approaches*, 19 J. LAND USE & ENV'T L. 377, 383–85 (2004).

41. BARNES ET AL., *supra* note 3.

42. *See* Mark W. Cordes, *Agricultural Zoning: Impacts and Future Directions*, 22 N. ILL. U. L. REV. 419, 419–20 (2002).

43. *See* BARNES ET AL., *supra* note 3, at 8–10.

44. *See id.*

45. *See id.* at 9.

46. *See id.* at 5–12.

47. *See generally* Frumkin, *supra* note 1, at 201 (providing background information on the general environmental downsides of sprawl).

48. *Id.* at 202.

49. *See* Gallagher, *supra* note 28, at 219–21.

50. *See* Frumkin, *supra* note 1, at 202–03.

51. *See id.* at 206–07.

52. *See id.*

53. *See id.* at 206–07.

results in urban centers becoming "heat islands" that are typically six to eight degrees warmer than their surrounding areas.[54]

Urban sprawl also impacts the availability and flow of water in surrounding communities.[55] Urban areas produce large amounts of chemicals and other pollutants that collect on the solid surfaces of roads and parking lots.[56] During storms, these chemicals wash into surface waters, damaging water quality and marine ecosystems.[57] Urban sprawl also disrupts the natural flow of water during storm events.[58] This manifests itself in, one, the overload of sewage systems and, two, the increase in flooding instances.[59] When large rainstorms hit urban areas, the waters flow into designated sewage systems for recapture and disposal.[60] However, when stormwater overwhelms these systems, sewage flows back into the water supply and contaminates water that would have otherwise been suitable for human use.[61] Further, as these communities reduce natural runoff locations and greenspace, these waters compile, which results in increased flooding.[62]

Finally, urban sprawl degrades wildlife populations and habitats.[63] These expanding urban communities build over large portions of rural land in sporadic patterns.[64] This building results in the fragmentation of wildlife habitats.[65] Fragmentation is described as the break of continuous wildlife habitat areas.[66] When these areas become separated, wildlife populations are unable to safely reach one another, resulting in less food and diversity in each segment.[67] The animals that do attempt to venture across these areas are often met with hostility in the form of automobiles and startled residents, creating dangerous situations for animals and residents alike.[68]

C. Sprawl Impacts on Resident Health and Wellness

Urban sprawl carries consequences for residents of urban and rural communities alike.[69] Physically, residents of these communities face dangerous health consequences due to development choices.[70] Sprawled

54. *Id.*
55. Gallagher, *supra* note 28, at 220–21.
56. *Id.*
57. *See id.*
58. *Id.*
59. *Id.*
60. *Id.*
61. *See id.*
62. *Id.* at 221.
63. *Id.*
64. *See* BARNES ET AL., *supra* note 3, at 7.
65. *Id.*
66. *Id.*
67. *Id.*
68. Gallagher, *supra* note 28, at 222.
69. *See* Frumkin, *supra* note 1, at 205, 207–09.
70. *See generally id.* (explaining how the different aspects of sprawl affect public health).

communities decrease the opportunities and need for physical activity in traversing them.[71] These communities are designed to be traversed using automobiles, which means that there are fewer opportunities for residents to incorporate regular physical activity into their lives.[72] This, in turn, leads to higher rates of obesity and cardiovascular disease among residents.[73] Further, this reliance on automobiles, and the resulting decrease in air quality within these communities, causes a variety of respiratory issues for sprawled residents.[74] Studies have found that these residents are more likely to be diagnosed with cancer and to experience respiratory issues linked to high levels of ozone.[75] These communities impact the mental health of their residents as well.[76] Studies have found that residents experience higher levels of anger and depression linked to longer commutes and less physical activity.[77]

III. DETERRING URBAN SPRAWL: POLICY AND SOLUTIONS

Policies deterring urban sprawl typically take three different forms: zoning policies, monetary incentives, and agricultural land protections.[78] Zoning policies attempt to contain development to a certain area, while monetary incentives attempt to encourage or discourage certain building practices.[79] Agricultural land protection focuses on protecting rural land to slow and prevent further sprawl.[80] Beyond deterring sprawl, there are also smart growth practices that help remedy sprawl and the need that drives it.[81]

A. Policy Basics of Controlling Urban Sprawl

Zoning policies can take many different forms and focus on containing sprawling communities.[82] One form is boundary programs such as Greenbelts, Urban Growth Boundaries (UGB), and Urban Service Areas (USA).[83] These policies restrict building in certain areas by imposing a border around urban centers to prevent horizontal expansion.[84] Greenbelt programs focus on creating a natural boundary of undeveloped land around

71. *Id.* at 205.
72. *Id.*
73. *Id.*
74. *Id.* at 202.
75. Gallagher, *supra* note 28, at 219–20.
76. Frumkin, *supra* note 1, at 207–08.
77. *Id.*
78. *See* Amponsah et al., *supra* note 15.
79. *See id.*
80. *See id.*
81. *See* Sullivan & Yeh, *supra* note 14, at 349–54.
82. *See id.*
83. Amponsah et al., *supra* note 15, at 6–8.
84. *See id.*

a city center by preventing the development of certain tracts of land.[85] Urban Growth Boundaries and Urban Service Areas, on the other hand, do not use physical space but rather implement policy to slow development outside of a boundary designated around an urban center.[86] UGBs use zoning, taxes, fees, and other policy tools to deter building outside of designated boundaries.[87] USAs also deter building outside of a boundary line, but they do so by restricting access to public services in certain areas.[88] This comes in the form of cutting off water and sewer access based on city objectives for growth to make areas less attractive for developers.[89] As these tactics can be seen as overly restrictive or extreme, some areas have implemented monetary incentives to control growth.[90]

Monetary incentives appear in the form of fees, taxes, and subsidies intended to either deter or encourage certain developer behavior.[91] Impact fees are typically fees levied on the developer to discourage land use that has an adverse impact on the surrounding area.[92] Subsidies, on the other hand, are usually grants the government gives to developers to fund the use of sustainable growth objectives in construction, such as incorporating public transportation into their developments.[93] Finally, taxes can deter urban sprawl in a variety of ways.[94] Some areas change property tax obligations for rural areas around urban centers to encourage agricultural use and keep them out of development.[95] Other areas use property tax to deter development by raising rates in certain areas to prevent development in and around city centers.[96]

Finally, there are policies that protect the use of agricultural land.[97] These take the form of conservation easements and other farm conservation laws that are implemented to serve as informal barriers to urban development.[98] Conservation easements are easements the state purchases that cover active farmland.[99] These easements prevent these lands from being taken out of agricultural use if the property owner sells or otherwise transfers

85. *Id.* at 6–7; *see also* Jochen A.G. Jaeger, Sepideh Mosharafian & Parnian Pourtaherian, *Taming Urban Sprawl: On the Need for Targets and Limits and the Effectiveness of Greenbelts*, 20 MCGILL J. SUST. DEV. L. 151, 154–55 (2024) (providing additional research on the use of greenbelts).
86. *See* Amponsah et al., *supra* note 15, at 7–9.
87. *See id.* at 7–9.
88. *Id.* at 7.
89. *Id.*
90. *Id.* at 6–10.
91. *See id.* at 8.
92. *See id.*
93. *Id.*
94. *Id.* at 8–9.
95. *Id.*
96. *See id.* at 8.
97. *See id.* at 9.
98. *See id.*
99. *Id.*

them.[100] Similarly, right-to-farm laws protect the agricultural property owner's right to use the land as farm or agricultural land.[101] These laws protect the landowner from certain lawsuits and encourage landowners to retain their property for agricultural use. [102]

B. Smart Growth Objectives to Reduce Negative Sprawl Impacts

Smart growth policies help solve the problems urban sprawl creates.[103] Smart growth communities can come in a variety of different forms.[104] One of their main characteristics is compact and mixed-use development.[105] Mixed-use refers to developments that are integrated with both residential and commercial spaces, allowing residents to live, work, and shop within one area without the need for travel.[106] This development utilizes vertical growth rather than horizontal growth to reduce the amount of land taken up by structures and pavement.[107] This vertical development allows for more effective use of developed land and the ability to include more green space.[108] Further, due to the compact nature of these smart growth communities, more transportation options become available to developers.[109] These communities are centered around walkability and public transportation to reduce the need for daily automobile use.[110] These options come in the form of "complete streets" that focus on non-vehicular transportation by increasing the number of bike lanes, walking routes, and safe pedestrian areas.[111] However, solutions to sprawl do not simply have to be confined to rural areas.[112]

Redevelopment is one of the strongest ways to help reduce the need that creates urban sprawl.[113] The outward expansion of urban centers is often a byproduct of deterioration and a lack of affordable housing options in these areas.[114] However, by implementing mixed-use development within these communities, the need to develop outside city limits decreases.[115] By redeveloping deteriorating downtown areas, the supply of downtown housing

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100. *Id.* at 9–10.
101. *Id.* at 9.
102. *See id.*
103. Sullivan & Yeh, *supra* note 14, at 351–52.
104. *Id.*
105. *Id.*
106. *Id.*
107. *See* Jiawei Zhong & Eddie C.M. Hui, *Real Option and Vertical Mixed-Use Development*, 25 INT'L J. STRATEGIC PROP. MGMT. 382, 382 (2021).
108. *See* Sullivan & Yeh, *supra* note 14, at 352.
109. *See id.* at 351–52.
110. *Id.*
111. *Id.*
112. *See id.*
113. Nicolas M. Kublicki, *Innovative Solutions to Euclidean Sprawl*, 31 ENV'T L. REP. 11001, 11010–11 (2001).
114. *Id.* at 11004.
115. *See id.* at 11006–08.

increases, which helps to reduce the prices of urban housing.[116] Further, making urban areas mixed-use allows for business development around these new living centers.[117] This works to encourage the more efficient use of land, reduce commuting costs, and increase the revenue for the city centers.[118]

IV. TEXAS: URBAN SPRAWL AND CITY INITIATIVES IN RESPONSE

Texas is no stranger to urban sprawl and its problems.[119] As communities have grown rapidly, cities have attempted to address this issue, but the state still lacks a broad-form solution.[120]

A. Urban Sprawl in Texas

Rapid population growth is a driving force behind the issue of urban sprawl in Texas.[121] Texas is one of the fastest growing states in the nation.[122] Since 2012, Texas's population has increased by nearly four million people, the most of any U.S. state.[123] In 2022 alone, Texas gained more than 470,000 new residents.[124] Nine of the ten fastest growing cities in the United States are in Texas.[125] Each of these cities grew in population between 40% and 143% between 2020 and 2023, all of which surround Texas's large metroplexes: Houston, Dallas, and Austin.[126] In total, over half of the population of the entire state of Texas—11,002,605 residents—live in the suburbs surrounding these three metroplexes.[127] Housing units in these areas have increased exponentially to meet this demand.[128] From 1970 to 2015, the number of housing units in the three major metroplexes increased dramatically, with Houston, Austin, and Dallas increasing 229%, 642%, and 221%, respectively.[129] However, the density of these new units regressed

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116. *See id.* at 11007.

117. *See id.*

118. *See id.* at 11006–08.

119. *See infra* Section IV.A (explaining how urban sprawl has increased pollution in Texas).

120. *See infra* Section IV.B (explaining current efforts by the Texas state government, through city governments, to implement policies aimed at smart growth).

121. *See* Block, *supra* note 8, at 88–90.

122. *See 2024 Regional Report*, TEX. COMPTROLLER, https://comptroller.texas.gov/economy/economic-data/regions/2024/statewide.php (last visited Sep. 9, 2025).

123. *Id.*

124. *Id.*

125. Sara Chernikoff, *Texas is Home to 9 of the 10 Fastest Growing Cities in the Nation*, USA TODAY (July 31, 2024, at 5:30 ET), https://www.usatoday.com/story/news/nation/2024/07/31/texas-fastest-growing-cites-us/74595428007/.

126. *Id.*

127. PAUL J.P. SANDUL & M. SCOTT SOSEBEE, LONE STAR SUBURBS LIFE ON THE TEXAS METROPOLITAN FRONTIER 18–19, 21 (2019).

128. Anthony W. Orlando & Christian L. Redfearn, *Houston, You Have a Problem: How Large Cities Accommodate More Housing*, 52 REAL EST. ECON. 1045, 1058 (2024).

129. *Id.*

over the same period, resulting in fewer housing units per square mile.[130] This distance has resulted in a higher reliance on automobiles for daily travel.[131]

This increase in automobile emissions contributes to Texas being one of the worst air polluters in the country.[132] A study of Texas air quality found that 98.9% of Texas residents live in an area that is outside the World Health Organization's (WHO) recommendation of safe particle pollution levels.[133] In fact, 9.8% of residents live in an area that is over double the recommended maximum the WHO set.[134] This pollution does not end with air; however, Texas's water quality has declined in recent years as well.[135] In a study of nationwide waterway pollution, Texas ranked fourth, making it one of the nation's most polluted states.[136] In 2020, Texas released over 16.7 million pounds of toxic chemicals into its waterways, up 3.5 million pounds from 2007.[137] At the same time, Texas is losing one of its best defenses to this pollution: rural land.[138] Currently, Texas leads the nation in the decrease of rural land, on average losing 26.6 acres every hour.[139] Since 1997, Texas has lost 3.7 million acres of working land, such as farming, grazing, and wildlife management land, to nonagricultural uses.[140]

These pollution issues are not confined to Texas land; they are also negatively affecting Texas residents.[141] Recent studies of the effect of air pollution on Texas residents found that there were over eight thousand premature deaths due to air pollution in 2016, comprising 4.3% of all deaths in Texas that year.[142] Harris, Dallas, Tarrant, and Bexar counties, which house the four biggest cities in Texas, accounted for 3,391 of those deaths, with Harris County accounting for 1,370 of them alone.[143] Unfortunately, death is not the only consequence of air pollution in these areas.[144] These

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130. *Id.*

131. *See generally* BARNES ET AL., *supra* note 3, at 4 (describing the basics of low-density development and automobile travel).

132. *See generally* Luke Bryan & Philip Landrigan, *PM2.5 Pollution in Texas: A Geospatial Analysis of Health Impact Functions*, FRONTIERS PUB. HEALTH, Dec. 01, 2023, https://pubmed.ncbi.nlm.nih.gov/38106908/ (describing the air pollution problem in Texas).

133. *See id.* at 2.

134. *Id.*

135. *See* Dylan Baddour, *Texas Is Now the Nation's Biggest Emitter of Toxic Substances into Streams, Rivers and Lakes*, INSIDE CLIMATE NEWS (Sep. 28, 2022), https://insideclimatenews.org/news/28092022/texas-is-now-the-nations-biggest-emitter-of-toxic-substances-into-streams-rivers-and-lakes/.

136. *Id.*

137. *Id.*

138. *See generally* Shelby Shank, *TALT Works to Protect Texas' Rural Lands*, TEX. FARM BUREAU, https://texasfarmbureau.org/talt-works-to-protect-texas-rural-lands/ (last visited Sep. 9, 2025) (describing the loss of rural land in Texas).

139. *Id.*

140. *Land Trends Data Explorer*, TEXAS LAND TRENDS, https://data.txlandtrends.org (last visited Sep. 9, 2025).

141. *See* Luke Bryan & Philip Landrigan, *supra* note 132, at 1–2.

142. *Id.* at 3.

143. *Id.* at 4.

144. *See id.* at 2.

studies also linked air pollution to nonfatal lung cancers, Alzheimer's, and an increase in asthma levels in both adults and children.[145] Additionally, air pollution causes further harm in the form of heat-related mortality.[146] In 2011, Texas saw 160 deaths due to heat-related causes.[147] Just over a decade later, this number more than doubled, with heat causing 334 deaths in 2023.[148] Over a third of these deaths occurred in the counties containing Texas's biggest metropolitan areas, with ninety-nine in Harris County, forty-five in Tarrant County, and nineteen in Dallas County.[149]

It is important to note that not all of these downsides are solely attributable to urban sprawl.[150] First, a large amount of Texas air and water pollution comes from refineries and other industrial facilities.[151] Second, part of the rise in temperatures can be explained by factors other than Texas's own air pollution, one such factor being global climate change.[152] Nevertheless, Texas's urban sprawl is adding to these dangers while removing one of the best strategies to reduce their impacts.[153] As communities sprawl, they produce more air and water pollution due to automobiles and products used in construction, while simultaneously covering up the rural lands whose natural conditions contribute to the cleansing of Texas air and surface water.[154]

B. Current Smart Growth Initiatives Across the State of Texas

Texas cities are implementing smart growth in different ways.[155] Currently, the Texas state government has left the regulation of growth to city governments.[156] In the Houston metroplex, the city government is focusing on the development of what they call "livable centers."[157] These areas focus on reducing automobile reliance for everyday transit and increasing the number of mixed-use sectors outside of the city's center.[158] The Dallas-Fort Worth area, on the other hand, is focusing on the increase in

145. *Id.*

146. *See* Erin Douglas & Alejandra Martinez, *"I Don't Wish This on Anyone": Two Families Mourn Their Losses After a Record Year for Texas Heat Deaths*, TEX. TRIB. (Jan. 12, 2024, at 5:00 CT), https://www.texastribune.org/2024/01/12/texas-heat-deaths-2023-record-climate-change.

147. *Id.*

148. *Id.*

149. *Id.*

150. *See* Frumkin, *supra* note 1, at 203; *e.g.*, Baddour, *supra* note 135 (discussing the impact of refineries and other industrial facilities on air and water pollution).

151. *See* Baddour, *supra* note 135.

152. *See* Frumkin, *supra* note 1, at 203.

153. *See supra* Section IV.A (explaining how urban sprawl has increased pollution in Texas).

154. *See supra* Part II (describing the history of urban sprawl and its impact).

155. *See generally* DAVILA, *supra* note 17, at 1 (describing different smart growth initiatives in Texas).

156. *See id.* at 2.

157. *Id.* at 33–35.

158. *Id.*

public transportation opportunities.[159] Specifically, its city government is attempting to expand its existing rail system and to build communities around these rail hubs.[160] While these policies are a step in the right direction, Texas still lacks a uniform solution to the statewide urban sprawl issue.[161]

C. The Structure of the Texas Tax System

Texas's tax structure is broken down between the state and local governments.[162] The Texas state government does not use property tax to fund its projects and instead relies on state sales and other taxes.[163] Texas's property tax is actually implemented by local governments through their appraisal districts.[164] These appraisal districts determine the value of the property within them so that local authorities can impose a tax based on that value.[165] These local taxing authorities include cities, counties, school districts, junior colleges, and other special districts.[166] These groups then set tax rates based on their budgets for the year.[167] Their rates take into account the money needed to operate, the amount of taxable property in each district, and the value of property as determined by the appraisal district.[168]

Outside of determining value, these appraisal districts also handle the exemptions given out to property owners.[169] The Texas constitution governs what property is and is not taxable.[170] The constitution states that "[t]axation shall be equal and uniform" and that all real property shall be taxed based on its value unless it has been granted an exemption.[171] The constitution grants a variety of different partial and total property tax exemptions that allow for a decrease in the amount of ad valorem tax a property owner must pay each cycle.[172]

Currently, there are provisions of the Texas Tax Code that promote reinvestment and retention of agricultural land.[173] First, Chapter 312 of the Texas Tax Code provides local taxing authorities with the ability to offer tax abatements for developers that are looking to develop within designated

159. *Id.* at 35–37.
160. *Id.*
161. *See* DAVILA, *supra* note 17, at 2.
162. *See* Glenn Hegar, *Taxes of Texas a Field Guide*, TEX. COMPTROLLER, 2 (Jan. 2024), https://texashistory.unt.edu/ark:/67531/metapth1655232/m2/1/high_res_d/96-1774.pdf.
163. *Id.*
164. *Property Tax System Basics*, TEX. COMPTROLLER, https://comptroller.texas.gov/taxes/property-tax/basics.php (last visited Sep. 9, 2025).
165. *Id.*
166. *Id.*
167. *See id.*
168. *Id.*
169. *Id.*
170. *See id.*
171. TEX. CONST. art. VIII, § 1.
172. *See generally* TEX. CONST. art. VIII, § 1 (containing the different exemption provisions).
173. *See* TEX. TAX CODE §§ 312.001–404, 11.11–36.

reinvestment zones.[174] The city or county governments establish reinvestment zones, which allow taxing entities to enter into abatement agreements with property owners within their boundaries.[175] These abatement agreements lay out how much tax the specific property will be exempt from, the length of the abatement, and what the property owner must do to retain that abatement.[176] These agreements allow the property owner to make improvements to the land that they otherwise may not have been able to make and overall improve property value within the zone.[177]

Secondly, there are provisions of the Texas Tax Code that help rural Texans retain their land and promote sustainable growth.[178] Texas law provides tax benefits for the owners of agricultural lands.[179] This benefit is codified in the Texas Tax Code and allows for the valuation of agricultural lands based on the production capacity of the land rather than its market value.[180] This is extremely beneficial for these landowners because otherwise the property tax obligations of many landowners would likely outprice the profits that they make from cultivating their lands.[181] The Internal Revenue Code also provides incentives to agricultural owners in the form of estate tax reductions.[182] This provision allows for the reduction of the estates tax on transfers of certain agricultural properties as long as these properties continue to be used for their pretransfer purpose for a period of ten years from the date of transfer.[183]

V. THE TEXAS LEGISLATURE SHOULD ADOPT CHANGES TO THE TAX CODE TO COMBAT URBAN SPRAWL

To combat urban sprawl and the disappearance of rural lands in Texas, developers need to get an incentive to implement smart growth initiatives.[184] This incentive should come in the form of property tax exemptions that appraisal districts grant based on the sustainable growth objectives of the metropolitan areas within them.[185]

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174. *Id.* § 312.001–.404.

175. *See id.* § 312.201, .401.

176. *Property Tax Abatement Act*, TEX. COMPTROLLER, https://comptroller.texas.gov/economy/development/prop-tax/ch312/#:~:text=Tax%20abatements%20are%20an%20economic,not%20enter%20into%20abatement%20agreements (last visited Sep. 9, 2025).

177. *See id.*

178. *See* TEX. TAX CODE § 11.11–.36.

179. *Property Tax System Basics*, *supra* note 164.

180. *Id.*; TEX. TAX CODE § 23.52.

181. Justin R. Benavidez, Tiffany Dowell-Lashmet, David P. Anderson et al., *Converting Texas Land from Agricultural to Wildlife Use Tax Valuation*, 2021 J. ASFMRA, 71, 71 (2021).

182. I.R.C. § 2032A.

183. *Id.*

184. *See* Kublicki, *supra* note 113, at 11010.

185. *See id.*; *see* Amponsah et al., *supra* note 15, at 8–9.

A. Proposal to Supplement Texas Tax Exemptions

The Texas Legislature should adopt changes to the current property tax structure to give developers a financial incentive to adopt smart growth practices.[186] This incentive would come in the form of a new partial property tax exemption and be specifically targeted at providing monetary incentives to developers to encourage the use of smart growth practices.[187] This should be done by expanding the abatement and exemption provisions already in place in both the Texas Tax Code and the Internal Revenue Code.[188] The appraisal districts already in place would handle the administration of this exemption and control the discount each project receives based on the sustainable practices they use.[189] By making this incentive an exemption, the taxing entities in and around the districts can provide guidance as to how these exemptions should be applied, similar to the terms in an abatement agreement.[190] For example, if a city wants development to occur in a certain area or to include certain characteristics, it can provide that information to the district for consideration when granting exemptions.[191]

In practice, the districts would outline desired smart growth practices that developers need to utilize to gain access to the exemption.[192] The developer would then submit a plan to the district that would include how they are going to implement these strategies into their project.[193] These practices could include considering prior use of the land before development, specifically, whether the land purchased previously served agricultural purposes.[194] The districts could also consider the use of bordering land and provide exemptions based on the percentage of property bordering urban settlements to help ward off leapfrog development.[195] Next, the district could take into account the number of housing or business units per acre and provide incentives for more efficient land use.[196] Finally, the district could examine the use of transportation in these new communities and increase exemptions based on the walkability or public transportation available in the area.[197] This list is not exhaustive, and these examples are just a few of the potential incentives that could be offered to developers to increase the likelihood of districts using smart growth techniques.[198]

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186. *See* Kublicki, *supra* note 113, at 11010.
187. *Id.*; TEX. TAX CODE § 312.001–.404.
188. TEX. TAX CODE § 312.201; I.R.C. § 2032A.
189. *See* TEX. TAX CODE §§ 11.43, 312.201.
190. *See id.* § 312.201, .204.
191. *See id.*
192. *See id.*
193. *See id.* §§ 11.43, 312.201.
194. *See* Sullivan & Yeh, *supra* note 14, at 351–54.
195. *See id.*
196. *See id.*
197. *See id.*
198. *Id.*; *see* Kublicki, *supra* note 113.

The unit that processes these applications could come in two different forms.[199] One, the exemption could simply be added under the purview of the current appraisal district's structure, and applications could be processed as they are currently.[200] A second option is the appointment of a new appraisal position for counties that are over a certain population size, similar to the way tax liaison officers are appointed.[201] This option would allow more populous districts to better process the higher volume of applications likely to be generated by their area and would also prevent less populous districts from having to support another administrative position.[202]

This solution could be further strengthened by expanding on the property tax exemption already granted to agricultural land users.[203] Agricultural landowners already receive the benefit of having their property appraised based on the income that it generates rather than its market value (the way most other properties are appraised).[204] One way to strengthen this exemption would be to provide landowners with an additional tax benefit when their land is transferred at death, as a gift, or via sale.[205] This exemption would allow agricultural owners to be free from property taxes for a certain number of years, so long as the land they transfer remains in agricultural use, similar to the way the federal government reduces estate tax.[206] The appraisal districts would also administer this exemption and could give it out based on the need to protect rural land in certain areas.[207] This addition is necessary to prevent the abuse of sustainable development exemptions and direct sustainable growth to the areas that need it most.[208]

1. Proposed Legislation

SUSTAINABLE DEVELOPMENT EXEMPTION

(a) The governing body of a taxing unit shall have the ability to partially exempt commercial and residential development projects from ad valorem taxes on the basis of use of sustainable development initiatives to be implemented in said projects.[209]

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199. *See* TEX. TAX CODE § 11.43; *Property Tax System Basics*, *supra* note 164, at 2.
200. *See* TEX. TAX CODE § 11.43.
201. *See Property Tax System Basics*, *supra* note 164, at 2.
202. *See Taxpayer Liaison Officers*, TEX. COMPTROLLER, https://comptroller.texas.gov/taxes/property-tax/taxpayer-liaison-officers.php (last visited Sep. 9, 2025).
203. *See* James M. McElfish Jr., *Taxation Effects on Land Development and Conservation*, 22 TEMP. ENV'T L. & TECH. J. 139, 148 (2004).
204. TEX. TAX CODE § 23.52.
205. *See* McElfish, *supra* note 203, at 147.
206. I.R.C. § 2032A.
207. *See* TEX. TAX CODE §§ 11.43, 23.52.
208. *See* McElfish, *supra* note 203.
209. TEX. TAX CODE §§ 11.43, 312.201.

(b) In determining the issuance and size of the exemption to be granted, the governing body shall consider sustainable development objectives provided by taxing units and the inclusion of such objectives in proposals submitted to the governing body by the developer.[210] These objectives may include, but are not limited to:

i. the ratio of housing to acreage of the development;
ii. connection to other urban developments;
iii. implementation of public transportation access;
iv. the relative number of business and residential structures within the development.[211]

(c) The duration of each exemption shall be determined by the governing body and shall not exceed ten years in length.[212]

(d) This exemption shall begin following the end of the current tax year and shall cease at the conclusion of a ten-year period.[213]

AMENDMENT OF AGRICULTURAL EXEMPTION

(a) The governing body of a taxing unit may, in the event property that has been designated as agricultural is transferred at death, by gift, or by sale, exempt such property from ad valorem tax if such property is:

1. continued to be used for its prior purpose, or another agricultural purpose outlined in section 23.51; for

2. a period of ten years from the date the property was transferred.[214]

(b) In the event a property that applies to receive the benefit of such land granted to them under this section proceeds to change the use from its prior purpose to a non-agricultural use, then such property shall be subject to retroactive payment of all property tax obligations previously exempted from.[215]

(c) This benefit shall be carried over to the following owner of such property if that property is transferred prior to the end of the ten-year period, provided that such property is still in agricultural use.[216]

(d) Any land that receives the benefit of this provision may, at the discretion of the governing body, be qualified for the same exemption following the termination of the ten-year period upon subsequent

210. *See* TEX. TAX CODE § 312.201, .204.
211. *See id.*; Kublicki *supra* note 113, at 11010–12.
212. TEX. TAX CODE § 312.203.
213. *Id.*
214. I.R.C. § 2032.
215. *Id.*
216. *See id.*; McElfish, *supra* note 203, at 141.

transfer, provided that such property is still in agricultural use, for a total of twenty years of exemption.[217]

B. Advantages of a Tax-Centered Approach to Urban Sprawl

This proposed legislation empowers rural communities while incentivizing developers to more effectively plan their new developments.[218] Urban sprawl is a consequence of unplanned development in response to increased demand for housing and a desire to capitalize on increased housing prices.[219] It is especially prevalent in states and localities like Texas, where there are large quantities of privately owned land and plenty of space to expand.[220] Unregulated, developers buy up as much land as they can to build whatever seems most lucrative, whether it be single-family housing, retail stores, or parking facilities.[221] These new exemptions seek to address this sprawl and its issues, while also providing value to the developer and rural landowner alike.[222]

1. Advantages of Tax Exemptions Targeted at Developers

This legislation is designed to allow these developers to realize higher profits on smaller quantities of land.[223] It does this by providing tax incentives in a way that encourages more compact construction, such that developers do not need to scale their projects as large to realize the same revenue per acre of land developed.[224]

As a developer, this legislation provides an avenue to see higher gains through lower capital costs and expenses.[225] In a typical project, scale determines the profits developers and investors see.[226] However, by providing an exemption through tax, granted based on use of practices such as mixed-use and compact growth, a developer can scale down a project and still realize a high return on investment by capitalizing on reduced

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217. I.R.C. § 2032A; *see* McElfish, *supra* note 203, at 142.

218. *See infra* Sections V.B.1–2 (discussing incentivization through the exemptions).

219. *See* Sakowicz, *supra* note 40, at 381–85.

220. *See* Block, *supra* note 8, at 85–87.

221. *See id.*

222. *See* Kublicki, *supra* note 113, at 11007–08.

223. *See generally* Scott Sherman, *Government Tax and Financial Incentives in Brownfields Redevelopment: Inside the Developer's Pro Forma*, 11 N.Y.U. ENV'T L.J. 317, 335–36 (2003) (describing how property tax incentives can help increase profitability on redevelopment projects).

224. *See id.*

225. *See id.*

226. *See generally* Will Kenton, *Economies of Scale: What Are They and How Are They Used?*, INVESTOPEDIA (last updated June 17, 2025), https://www.investopedia.com/terms/e/economiesofscale.asp (explaining how reducing scale can increase project revenues).

expenses.[227] Scaling down projects also comes with other benefits, such as lower capital costs needed to fund a project and shorter project completion times.[228] This in turn lowers the opportunity cost of each project and provides them with more freedom in project selection.[229] Further, this incentive works to increase feasible development locations.[230] By allowing this exemption to apply to inner city development projects, developers are given the option to take on redevelopment projects that they may have otherwise passed on due to the cost of downtown land.[231] In choosing to adopt these smart characteristics, a developer can lower expenses and take on projects that upfront costs might have otherwise prohibited.[232]

Further, incentives have been shown to result in higher adoption rates for policy goals than restrictions or deterrents.[233] A study examining the effectiveness of incentives and sanctions in inducing compellance, Gitty Amini found that in switching from sanctions to incentives, "the likelihood for success in a compellance situation increases by 34[%]."[234] Monetary incentives encourage growth in the way that is most sustainable rather than deterring growth in certain areas.[235] While a zoning regulation can protect an area from development, it does not stop the desire to develop.[236] In search of new opportunities, developers are then forced to go outside of these zoned plots, further exacerbating the sprawl it was zoned to fix.[237] Additionally, monetary incentives have been effective in other sustainable areas such as the adoption of green energy.[238] This allows the government to reach its goals without having to invest the capital and time to develop such projects.[239]

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227. *See* J.B. Maverick, *Is It More Important for a Company to Lower Costs or Increase Revenue?*, INVESTOPEDIA (last updated Nov. 22, 2024), https://www.investopedia.com/ask/answers/122214/company-it-more-important-lower-costs-or-increase-revenue.asp#toc-impact-of-reducing-costs.

228. *See generally* Florence Yean Yng Ling, *How Project Managers Can Better Control the Performance of Design-Build Projects*, 22 INT'L J. PROJECT MGMT., 477 (describing ways that contractors can increase building efficiency).

229. *See* Jason Fernando, *Opportunity Cost: Definition, Formula, and Examples*, INVESTOPEDIA (last updated June 10, 2025), https://www.investopedia.com/terms/o/opportunitycost.asp.

230. *See* Sherman, *supra* note 223.

231. *See id.*

232. *See id.*

233. *See* David Cortright*, Powers of Persuasion: Sanctions and Incentives in the Shaping of International Society*, 38 INT'L STUD. 113, 122 (2001).

234. *Id.*

235. *See* Amponsah et al., *supra* note 15, at 8–9.

236. *See* Eliza Hall, *Divide and Sprawl, Decline and Fall: A Comparative Critique of Euclidean Zoning*, 68 U. PITT. L. REV. 915, 929–30 (2007).

237. *See id.*

238. Mona Hymel, *The United States' Experience with Energy-Based Tax Incentives: The Evidence Supporting Tax Incentives for Renewable Energy*, 38 LOY. U. CHI. L.J. 43, 75–77 (2006).

239. *See generally id.* (explaining how the implementation of renewable tax incentives encourages development).

2. Advantages of Expanding Exemptions for Agricultural Properties

For a rural landowner, this legislation increases the viability of continued agricultural use on their land.[240] Because the appraisal districts would have discretion to adjust taxes for the properties within these edge districts, if land in agricultural use surrounding the city center was desired to be kept in use for agricultural purposes, the district would be able to adjust the property tax rates for agricultural users beyond the exemptions they already get.[241] This would prevent zoning from having to be implemented to protect these lands, while also encouraging landowners to stay in the agriculture industry.[242] A big reason for the transition of rural landowners away from agriculture is the profitability of agricultural work.[243] By including this exemption that limits tax obligations on transfer, the new landowner receives an incentive to stay in the agriculture industry through the increase in profit provided by the reduced tax expense.[244]

Additionally, if the successor landowner cannot be convinced to remain in agriculture, this system could also be utilized to encourage new agricultural buyers.[245] The transfer of land is one of the most volatile times for determining its future use.[246] As the current generation either passes away or retires, these lands are being placed in the hands of a new generation, many of whose members do not plan to cultivate these lands due to a lack of profitability, desire, or both.[247] This legislation is aimed at providing options to these upcoming generations.[248] By implementing an exemption that allows the districts to consider land use when exercising property tax, administrators could support new agricultural uses by lowering property tax obligations for these buyers.[249] This discount would allow agricultural buyers to submit more

240. *See* Amponsah et al., *supra* note 15, at 8–10.

241. *See Property Tax System Basics*, *supra* note 164, at 14–16.

242. *See* Amponsah et al., *supra* note 15, at 8–10.

243. *See Record Drop Expected for 2024 Farm Income*, TEX. FARM BUREAU, https://texasfarmbureau.org/record-drop-expected-for-2024-farm-income/ (last visited Sep. 9, 2025); *see generally* Alana Semuels, '*They're Trying to Wipe Us Off the Map.' Small American Farmers Are Nearing Extinction*, TIME (Nov. 27, 2019, at 13:16 ET), https://time.com/5736789/small-american-farmers-debt-crisis-extinction/ (covering the loss of profit in farming operations).

244. *See generally* Edward Cox, *Helping Landowners Help New Farmers: Incentive Programs and Other Legal Tools for Transitioning Land to the Next Generation of Farmers*, 17 DRAKE J. AGRIC. L. 37 (2012) (discussing the use of state programs to incentivize new farmers).

245. *See id.* at 43.

246. *See generally* TIFFANY DOWELL LASHMET & JUSTIN BENAVIDEZ, SURVEY OF TEXAS AGRICULTURAL PRODUCERS AND LANDOWNERS, TEX. A&M AGRILIFE EXTENSION, https://agrilife.org/texasaglaw/files/2023/02/Survey-of-Texas-Agricultural-Producers-and-Land-Owners.pdf (discussing the transfer of land and the lack of successor planning).

247. *See id.* at 3.

248. *See* McElfish, *supra* note 203, at 147.

249. *See id.*

competitive offers due to the potential to earn more on acquiring the land.[250] While these bids may not match those of large urban developers, it, at the very least, increases the options available to sellers looking to exit the agriculture industry.[251]

3. Why Property Tax Over Other Smart Growth Policies?

Property tax strikes a balance between effective conservationism and landowner protection.[252] While zoning and conservation laws can be effective if used properly, they come with negative downsides for the owners of the land that the law is attempting to preserve.[253] Utilizing restrictive land use policies results in lower property values for agricultural land by limiting what can be done to the property.[254] With lower value for their land the owners are forced to stay in agriculture rather than encouraged to do so, and positive development avoids these areas due to their lower upside.[255] These owners are then left to decide either to sell their land at a discount or continue to cultivate the land perpetually.[256] If rural lands provide a benefit to society at large, why should such a small subset bear the cost?[257] In implementing a solution centered around property tax, rural landowners are rewarded for their benefit to society, not punished.[258] By keeping property use unrestricted, the property retains its value.[259] Through providing developer-centered incentives, this unencumbered property can be developed sustainably for the community and economically for the developer.[260] In simultaneously supplementing agricultural incentives, the rural owner's options become less limited as the continuation of agriculture becomes more viable.[261]

Further, this solution falls in line with the history of Texas property use.[262] Historically, Texas has encouraged private land ownership and the rights of landowners to use property as they see fit.[263] A popular solution to urban sprawl is implementing zoning or preventing certain uses of land or

250. *See generally* Cox, *supra* note 244, at 39 (discussing making agricultural land more easily available for new farmers).

251. *See generally id.* (providing ways for retiring farmers to engage with new agricultural users).

252. *See* Amponsah et al., *supra* note 15, at 8–10.

253. *See* Hall, *supra* note 236.

254. *Id.*

255. *See id.* at 929–32.

256. *See* Adesoji Adelaja, Donn Derr & Karen Rose-Tank, *Economic and Equity Implications of Land-Use Zoning in Suburban Agriculture*, 2 J. AGRIC. ETHICS 97, 110 (1989).

257. Cordes, *supra* note 42, at 435–36.

258. *Id.*

259. *See* Hall, *supra* note 236, at 129–31.

260. *See id.*

261. *See id.*

262. *See* Michael S. Goodrich, Comment, *Private Land Restrictions in Texas: A Need for Greater Legislative Control*, 15 ST. MARY'S L.J. 575, 576 (1984).

263. *See id.*

developments from being built.[264] While this does limit the development of rural land and determines what can be developed, it also limits the freedom of landowners and buyers.[265] If land is zoned out of what may be its most profitable use, then the value of the land is capped at whatever the most profitable zoned use is.[266] By implementing a solution that adjusts property tax obligations based on property use, landowners remain able to sell their property at market prices when they so desire.[267] This solution allows developers to select their developments based on profitability rather than on their ability to build.[268]

C. Practical Effects of the Change in Tax Law and Public Policy Concerns

In adopting these changes to the Tax Code, potential impacts on both the tax system and the communities result from these changes.[269] This includes a redistribution of tax revenue, environmental improvements, public health improvements, food stability improvements, and potential additional revenue for new communities.[270]

1. Effect of Tax Change on Other State Programs

A major consideration when changing any type of tax program is how the change is going to affect other state programs.[271] Here, the proposed legislation will likely affect a large portion of the farms and new developments around the state.[272] A survey of farm ownership in the United States showed that 70% of the farmland in the United States will change ownership in the next twenty years.[273] The study further indicated that only 30% of farms survive transfer to the second generation, and only 12% make it to the third. [274] So, if this legislation can work to increase these percentages, the state's revenue from farm property tax will inevitably decrease.[275] Currently, Texas brings in around 698 million dollars each year from taxing

264. *See* Amponsah et al., *supra* note 15.
265. *See* Hall, *supra* note 236.
266. *See id.*
267. *See id.*
268. *See* Amponsah et al., *supra* note 15, at 8–10.
269. *See infra* Sections V.C.1–5 (describing the impact on taxes, the environment, health, and food security from the proposed change).
270. *See infra* Sections V.C.1–5 (discussing the practical effects of changing existing tax law).
271. *See* TEX. COMPTROLLER, BIENNIAL PROPERTY TAX REPORT – TAX YEARS 2020 AND 2021 5 (2022) [hereinafter BIENNIAL PROPERTY TAX REPORT].
272. Lashmet & Benavidez, *supra* note 246, at 3.
273. *Id.*
274. *Id.*
275. *See id.*

farm properties alone.[276] However, this number loses significance when considering Texas collected over seventy-three billion dollars in property tax revenue in 2021.[277] This number is further supplemented by the state and local sales tax, which brought in thirty-six billion and ten billion dollars in revenue respectively.[278] This revenue will not disappear outright; however, if this legislation is adopted.[279] One of the main benefits to sustainable urban development is that it is less costly from a state development standpoint.[280] When these communities are created, they require fewer roads, utilities. and other maintenance items that are generally required in large, single-family developments.[281] This saves the states and localities from expenses required to create and maintain these items and helps to offset the revenue lost to these properties.[282]

Further, these properties are not unproductive for state revenue.[283] New development properties, like the ones that would result from this change, provide many new sources of revenue for local and state governments.[284] Mixed-use development provides both taxable property and taxable sales from business property within them.[285] Supporting more efficient land use allows for more development of residents and businesses in a smaller area.[286] This works to consolidate tax sources for local governments that may have otherwise expanded outside of their reach due to sprawl.[287] This, in turn, works to supplement any loss in property tax revenue due to the exemptions by increasing the amount of sales tax revenue.[288]

2. Impact of Rural Land Conservation on the Environment and Climate Change

Second, this legislation also helps to support environmental objectives such as combating climate change and habitat loss.[289] Rural lands provide a number of benefits that help counteract the effects of climate change.[290] Primarily, these properties work to reduce the amount of greenhouse gas

276. April Simpson, *Property Taxes Sink Farmland Owners*, STATELINE (Jan. 16, 2020, at 12:00 CT), https://stateline.org/2020/01/16/property-taxes-sink-farmland-owners/.

277. BIENNIAL PROPERTY TAX REPORT, *supra* note 271.

278. *See id.*

279. *See infra* Section V.C.1 (discussing the lower expenses from sustainable development as an offset to lost farm tax revenue.)

280. *See* Amponsah et al., *supra* note 15, at 8.

281. *See id.*

282. *See* Sullivan & Yeh, *supra* note 14, at 352.

283. *See* BIENNIAL PROPERTY TAX REPORT, *supra* note 271, at 9.

284. *See id.*

285. *See id.*

286. *See* Sullivan & Yeh, *supra* note 14, at 352.

287. *See* Amponsah et al., *supra* note 15, at 8.

288. *See* BIENNIAL PROPERTY TAX REPORT, *supra* note 271, at 9.

289. *See* Sullivan & Yeh, *supra* note 14, at 350–54.

290. *See* Gallagher, *supra* note 28, at 220–22.

emissions released into the atmosphere.[291] The effect of this legislation is twofold.[292] First, the plant life that exists on these lands in the form of crops and natural vegetation removes greenhouse gases, such as carbon dioxide, from the atmosphere.[293] Second, by providing an option for sustainable development, this legislation also helps to reduce the amount of greenhouse gas emissions from urban sprawl communities, which heavily rely on fossil fuels.[294] Sustainable, mixed-use communities are typically less reliant on automobiles due to their alternative modes of transportation and walkability.[295]

Further, this legislation provides additional environmental incentives outside of climate change.[296] Urban sprawl also impacts the availability of clean ground and surface water.[297] Urban settlements reduce the amount of clean surface and groundwater available for public use due to the many pollutants they produce.[298] Agricultural lands help retain the natural balance of the water cycle so that fresh water is more readily available.[299] This, in turn, works to positively impact the physical health of the surrounding communities by reducing the occurrence of illness and cancer that come from contaminated ground and surface waters.[300] This legislation would also work to prevent habitat loss for animal populations surrounding urban areas.[301] Urban sprawl results in the fragmentation of rural properties as urban areas expand.[302] When this happens, naturally occurring wildlife populations are separated and isolated from one another.[303] This separation endangers wildlife populations as they try to reach these fragmented sections, and it also reduces natural habitat and coverage areas.[304] This legislation would work to reduce fragmentation by preserving continuous rural tracts.[305] It does this by allowing appraisal districts to issue exemptions based on criteria such as contiguous development.[306] This incentivizes developers to build on plots that border other urban areas, thus decreasing the leapfrog development that leads to fragmentation.[307]

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291. *See id.* at 219–20.
292. *See id.*; Sullivan & Yeh, *supra* note 14, at 350–54.
293. *See* Gallagher, *supra* note 28, at 219–20.
294. *See* Sullivan & Yeh, *supra* note 14, at 351–54.
295. *See id.*
296. *See* Gallagher, *supra* note 28, at 220–21.
297. *Id.*
298. *Id.*
299. *Id.*
300. *See id.*
301. *See* Sullivan & Yeh, *supra* note 14, at 350–54.
302. BARNES ET AL., *supra* note 3, at 7–8.
303. *Id.*
304. *Id.*
305. *See* BARNES ET AL., *supra* note 3, at 5.
306. *See id.*
307. *See id.*

3. Physical and Mental Health

Third, this legislation aids in counteracting the mental and physical health issues in sprawl communities.[308] Communities urban sprawl created take a toll on the physical and mental health of their residents.[309] Studies have shown that people who reside in these communities suffer from health conditions such as obesity and respiratory problems, like lung cancer.[310] This results from the increased pollution that comes with the necessary increase in motor traffic when urban cities are not properly planned and when people do not have to move in ways that provide exercise.[311] Additionally, these problems also result in issues with mental health in urban and rural community populations.[312] This manifests in depression, anger, and anxiety from a lack of exposure to physical activity and natural interaction.[313] This legislation provides incentives to implement measures to counteract these issues through walkable communities and increased public transportation opportunities.[314] By introducing these options into new developments, residents are encouraged to participate in more physical activity and drive less.[315] These lifestyle changes directly impact the occurrence of physical health concerns, such as obesity, cardiovascular disease, and the instances of cancer and lung disease air pollution causes.[316] While these development changes cannot affect resident diets or other health choices, they do promote lifestyle changes to improve overall population health incrementally.[317]

4. Impact of More Farms on Food Security

Further, this legislation supports food security and proper commodity pricing by diversifying farmland ownership.[318] As developers cover land, the number of unique producers decreases.[319] This monoculturalization decreases the security of food sources by decreasing their ability to withstand

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308. *See* Frumkin, *supra* note 1, at 205–09.
309. *Id.*
310. *Id.*; *see* Gallagher, *supra* note 28, at 219–20.
311. *See* Frumkin, *supra* note 1, at 205–09.
312. *See id.*
313. *See id.*
314. *See id.*; Sullivan & Yeh, *supra* note 14, at 350–54.
315. *See* Frumkin, *supra* note 1, at 205–09.
316. *See id.*; Gallagher, *supra* note 28, at 219–20.
317. *See* Frumkin, *supra* note 1, at 205–09.
318. *See* Scott C. Lucas, *Halting the Downward Spiral of Monoculturization and Genetic Vulnerability: Toward a Sustainable and Biodiverse Food Supply*, 17 J. ENV'T L. & LITIG. 161, 166–68 (2002); GETACHEW NIGATU, FLAVIUS BADAU & RALPH SEELEY ET AL., U.S. DEP'T OF AGRIC. ERR-272, FACTORS CONTRIBUTING TO CHANGES IN AGRICULTURAL COMMODITY PRICES AND TRADE FOR THE UNITED STATES AND THE WORLD 5–15 (2020), https://www.ers.usda.gov/webdocs/publications/95697/err-272.pdf?v=11.6#:~:text=Second%2C%20if%20crop%20production%20by,%2F19%20to%202021%2F22.
319. *See* Lucas, *supra* note 318.

ecological changes.[320] Further, while there is not a shortage in supply now, the decrease in available farmland may also impact future commodity pricing.[321] By recent projections, a 3% decrease in the harvested area of major agricultural-producing countries would cause a 12% increase in commodity prices.[322] By keeping these properties in agricultural use, this legislation allows for the stabilization of commodity pricing by helping to support the number of farms in operation.[323]

5. Solutions for Alternative Income on Rural Lands

This solution is simply the beginning of incentives for the retainage of agricultural lands and the push for sustainable development.[324] Rural lands can provide value to communities outside of producing commodities or providing space for cities to grow.[325] For example, as populations grow, so does the need for energy.[326] Rural lands have great potential because sources for renewable energy, such as wind power, have a low impact on the productivity of the land while providing clean energy and another revenue stream for these landowners.[327] Outside of energy benefits, renewable energy also provides tax benefits for local entities.[328] In a typical wind or solar lease the developer will pay the property tax increase for the renewable development on the land.[329] This, in effect, allows the entity to reduce the tax obligation on the rural landowner, while still collecting tax revenue on the land from the wind developer.[330] This legislation could be coupled with current and future tax credits that are available for renewable energy developers to create an additional incentive to keep them out of urban development.[331]

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320. *Id.*
321. NIGATU, BADAU & SEELEY ET AL., *supra* note 318.
322. *Id.*
323. *See id.*
324. *See* K.K. DuVivier, *Rural Wind Windfalls*, 23 KAN. J.L. & PUB. POL'Y 401, 401–03 (2014).
325. *See id.*
326. *See id.*
327. *Id.* at 403–07.
328. *Id.* at 404.
329. *See id.*
330. *See id.*
331. *See generally Economics and Incentives for Wind*, OFF. OF ENERGY EFFICIENCY & RENEWABLE ENERGY, https://windexchange.energy.gov/projects/economics (last visited Sep. 9, 2025) (providing an overview of the opportunities currently available for wind).

D. Opposition to Sustainable Development and Rural Land Conservation

This change, however, will not be without opposition.[332] There are many different impacts associated with the slowing of urban growth.[333]

1. Sustainable Growth v. The Need for Housing

First, the most obvious argument against policies that slow urban development is the need for housing as both the population and homelessness increase.[334] Currently, the United States is experiencing a housing shortage that is exacerbating the homelessness problem across the country, specifically impacting Texas.[335] In 2021, Texas was 306,000 homes short of need.[336] While at first incentivizing slower growth could be seen as contributing to this problem, this solution actually aims to help solve that problem by encouraging sustainable development.[337]

This legislation is aimed at halting urban sprawl, not stopping urban development as a whole.[338] As populations increase, new land must become available to help accommodate these new entrants.[339] The issue arises when the development is done in a way that is not sustainable.[340] The purpose of this legislation is to encourage developers to be more selective with the properties they are buying and to encourage highly productive uses for smaller parcels of land.[341] Specifically, this can be in the form of multifamily housing projects that create micro-communities.[342] These units span far fewer acres and result in a smaller environmental footprint than a community comprised of single-family housing.[343] Encouraging multifamily housing works to increase the housing supply in the most efficient way possible, which in turn works to decrease the price of housing for those who need it.[344]

Further, the creation of mixed-use spaces works to decrease housing costs beyond simply increasing supply.[345] By providing people with more opportunities to live where they work in these mixed-use communities, the

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332. *See* Sakowicz, *supra* note 40, at 389.
333. *Id.*
334. *See* David Green, *Housing Affordability Gap Hits Texas: Comptroller's Report Cites Housing Shortage*, TEX. COMPTROLLER (Oct. 2024), https://comptroller.texas.gov/economy/fiscal-notes/economics/2024/aff-housing/.
335. *Id.*
336. *See id.*
337. *See* Sakowicz, *supra* note 40, at 396.
338. *Id.*
339. *See* Green, *supra* note 334.
340. *See* Sakowicz, *supra* note 40, at 395–97.
341. *See* Kublicki, *supra* note 113, at 11006–07.
342. *See id.*
343. *See id.*
344. *See id.*
345. *See id.* at 11007–08.

demand for housing in downtown areas decreases.[346] By encouraging a solution that does not restrict land use, these sustainable growth solutions could be implemented in both downtown and edge districts.[347] This works to better balance housing prices in these areas while also allowing residents to more evenly distribute across the metroplex, rather than being forced to the outskirts because of high downtown living costs or unattractive urban areas.[348]

2. The Effect of Land Supply on Pricing

This solution also addresses developers' concerns about price increase due to decreased supply.[349] This legislation is aimed at empowering landowners by making their land more profitable for agricultural use and encouraging developers to construct sustainably.[350] If some agricultural owners receive a tax exemption, this does not mean that all landowners will use it to keep agriculture on their land.[351] This solution is designed to make agriculture a more financially feasible option as new generations come into ownership.[352] However, there are certainly situations where no amount of incentive could make agriculture a sustainable option for families.[353] Further, by virtue of this legislation, the appraisal districts will have the ability to apply this exemption that the taxing authorities, which they service, desired.[354] While the market may factor potential tax exemptions for lands immediately bordering urban land into property price when selling to developers, the actual size of the exemption is up to the appraisal district and the developer.[355] So, while this may offset some of the potential profit for developers based on location, the number of smart growth strategies the developer utilized can work to counteract any loss.[356]

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346. *See id.*

347. *See* Kublicki, *supra* note 113, at 11007–08.

348. *See id.*

349. Cordes, *supra* note 42, at 442.

350. *See generally* Amponsah et al., *supra* note 15 (describing the use of financial incentives to curb sprawl).

351. *See generally Texas Ag Stats*, TEX. DEP'T OF AGRIC., https://texasagriculture.gov/About/Texas-Ag-Stats (last visited Sep. 9, 2025) (describing the percentage of landowners that stay in agriculture after each generation).

352. *See generally* Amponsah et al., *supra* note 15 (covering the financial incentives these types of programs give to farmers).

353. *See generally* TEX. DEP'T OF AGRIC., *supra* note 351 (describing the percentage of landowners that stay in agriculture after each generation).

354. *Property Tax System Basics*, *supra* note 164, at 9–11.

355. *Id.*

356. *See* Sherman, *supra* note 223.

3. Why Should Commercial Developers and Landowners Get Financial Assistance?

Finally, some may argue that this solution is improper because it provides assistance to people who are coming into possession of potentially extremely valuable properties or large corporate developers who do not need assistance.[357] While this argument may be accurate for families running large farming operations that are being passed on or owners of large properties, it does not apply to every rural landowner.[358] This legislation not only makes farming and other agricultural uses more profitable, but it also encourages future generations to pursue agriculture.[359] With the average age of farmers in Texas rising to sixty years old in 2022, younger generations need an incentive to enter the agriculture industry and provide much-needed youth and diversity to the profession as a whole.[360] While this may result in larger landowners also getting tax breaks, the benefit of protecting our agricultural and environmental future outweighs this downside.[361]

Additionally, Texas public policy supports the ability of landowners to do with their property as they please.[362] The downside to this is that some of these uses are not sustainable or supportive of a healthy environment or population.[363] Therefore, a balance must be struck between the rights of landowners and the general well-being of the state.[364] This balance exists in monetary incentives for commercial and residential developers.[365] By encouraging developers to implement these items into their construction through incentives, the sustainability goals of the state are met without having to use measures that restrict the freedom of property use.[366] While in the short term this may lead to higher profits for some developers, in the long term, Texas residents will receive a more sustainable future while retaining the property rights on which the state is built.[367]

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357. *See* Sakowicz, *supra* note 40, at 389.

358. Julie Tomascik, *Ag Census Shows Texas Lost Over 17,700 Farms*, TEX. FARM BUREAU, https://texasfarmbureau.org/ag-census-shows-texas-lost-over-17700-farms/ (last visited Sep. 9, 2025).

359. *See* Amponsah et al., *supra* note 15, at 9–10.

360. *See* TEX. DEP'T OF AGRIC., *supra* note 351.

361. *See generally* Frumkin, *supra* note 1, at 202–11 (describing the negative aspects of sprawl).

362. *See* Goodrich, *supra* note 262.

363. *See* BARNES ET AL., *supra* note 3, at 6–12; Frumkin, *supra* note 1, at 205–09.

364. *See* Cordes, *supra* note 42, at 442.

365. *See* Amponsah et al., *supra* note 15, at 10.

366. *See generally* Amponsah et al., *supra* note 15 (describing different land use policies).

367. *See* Goodrich, *supra* note 262, at 579–85; BARNES ET AL., *supra* note 3, at 6–12; Frumkin, *supra* note 1, at 205–09.

VI. CONCLUSION

In sum, urban sprawl is the result of unplanned, expansive development, and it poses threats to the health of the Texas environment and its residents.[368] While there are many solutions that have been tested in Texas and around the country to address this issue, Texas should enact legislation that provides incentives to developers to implement smart growth strategies and slow the consumption of rural Texas farmland.[369] These incentives would allow developers to profitably add smart growth strategies to their developments to help reduce the pollution of Texas land and any associated health risks its citizens face, while still protecting the rights of property owners and the value of their land.[370] While there are some drawbacks to providing these tax exemptions, like changes in property value and decreases in government funding, the long-term positives for the state far outweigh these negatives.[371]

368. *See* Frumkin, *supra* note 1, at 202–08.
369. *See* Kublicki, *supra* note 113.
370. *Id.*
371. *Id.*; *see* Sakowicz, *supra* note 40, at 389.